

EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATION ACT OF 1976

JANUARY 19, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H.R. 9630]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 9630) to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, line 5, strike out "1975" and insert 1976".

Page 2, line 19, insert "public or" before "social".

Page 2, line 24, strike out "\$7,500,00" and insert \$7,500,000".

Page 6, line 19, insert "public or" before "social".

Page 7, line 2, strike out the colon at the end of the line and insert dash.

Page 7, line 16, insert "public or" before "social".

Amend the title so as to read:

A bill to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes.

[H.R. 9630, 94th Cong., 2d sess.]

A BILL To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may

(1)

be cited as the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

PURPOSE

SEC. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "ASSISTANCE FOR NON-COMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS; CORPORATION FOR PUBLIC BROADCASTING."

(b) Subpart A of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "ASSISTANCE FOR NON-COMMERCIAL EDUCATIONAL BROADCASTING FACILITIES AND TELECOMMUNICATIONS DEMONSTRATIONS."

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"SEC. 390. The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other *public or* social service information."

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. Section 391 of the Communications Act of 1934 is amended to read as follows:

"SEC. 391. There are authorized to be appropriated **[\$7,500,00]** \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977 to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period."

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

SEC. 4. (a) Section 392(a)(1) of the Communications Act of 1934 is amended by striking out clause (C) and inserting in lieu thereof "(C) a public or private nonprofit college or university."

(b) Section 392(d) of such Act is amended to read as follows:

"(d) (1) The Secretary shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.

"(2) The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses."

COORDINATION

SEC. 5. Section 395 of the Communications Act of 1934 is amended to read as follows:

"COORDINATION WITH THE COMMISSION AND THE CORPORATION

"SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for close coordination with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation."

CONSTRUCTION

SEC. 6. Section 397 (2) of the Communication Act of 1934 is amended to read as follows:

"(2) The term 'construction', as applied to educational television broadcasting facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, non-video recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but such term does not include the construction or repair of structures to house such apparatus. In the case of apparatus, the acquisition and installation of which is so included, such term also includes planning therefor."

AUDIO RECORDING EQUIPMENT

SEC. 7. Section 399 (b) of the Communications Act of 1934 is amended by adding at the end thereof the following new paragraph:

"(5) From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection."

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 8. The Communications Act of 1934 is amended by adding after section 392 the following new section :

"TELECOMMUNICATIONS DEMONSTRATIONS

"SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and *public or* social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

"(b) The Secretary may approve an application submitted under subsection (a) if he determines[:]—

"(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

"(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

"(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

"(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or *public or* social service information.

"(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with establishment practice, as he may determine.

"(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

"(e) For purposes of this section, the term 'nonbroadcast telecommunications facilities' includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

"(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

"(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

"(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period."

Amend the title so as to read: "A bill to extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and public or social service information, and for other purposes."

PURPOSE OF THE LEGISLATION

The bill (H.R. 9630), as amended, would (1) extend for an additional one year and three months (transition fiscal period and fiscal year 1977) the matching grant program for construction of noncommercial educational radio and television broadcasting (hereafter in this report referred to as "public broadcasting") facilities; (2) authorize the appropriation of \$7,500,000 for the transitional fiscal period and \$30,000,000 for fiscal year 1977 for public broadcasting facilities grant program; (3) establish a telecommunications demonstration program to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information (hereafter in this report referred to as "demonstration program"); (4) authorize the appropriations of \$1,000,000 for fiscal year 1976 and \$250,000 for transitional fiscal period for such program; and (5) create separate priorities for radio and television in the public broadcasting facilities grant program.

BACKGROUND

Previous Legislation

The Congress enacted the Educational Television Facilities Act of 1962 (Public Law 87-447) to provide matching grants to establish and expand noncommercial educational television broadcasting stations.

In large measure because of the success of the program established by the Educational Television Facilities Act of 1962, the Congress enacted the Public Broadcasting Act of 1967 (Public Law 90-129), which established the Corporation for Public Broadcasting and expended the educational television facilities grant program to include educational radio facilities.

The Congress in passing the Public Broadcasting Act of 1967, recognized the sensitive role the Corporation must play in public broadcasting's development. On the one hand, it was to promote the availability of programs of high quality from diverse sources and to assist in the development of interconnection and related systems; but, on the other hand, its work was to be done in a manner that would

most effectively assure the maximum freedom of the public broadcasting facilities and local stations from interference with or control of program matter or other affairs.

In extending certain authorizations for the Corporation of Public Broadcasting and for certain construction grants for public broadcasting facilities in 1973 Public Law 93-84, the Congress reaffirmed its intention to help stimulate construction and growth of noncommercial broadcasting.

Public Broadcasting Facilities Grant Program

Under the public broadcasting facilities grant program, the Secretary of Health, Education, and Welfare (HEW) makes grants to eligible applicants of up to 75 percent of the cost of acquiring and installing specified radio and television broadcasting apparatus. Grant funds cannot be used for the purchase, construction, or repair of buildings or the acquisition of land.

There are five classes of eligible applicants for grants under the program: (1) State or local public school agencies; (2) State public broadcasting agencies and commissions; (3) tax supported colleges and universities; (4) nonprofit community corporations and associations organized primarily to engage in public broadcasting; and (5) municipalities operating public broadcasting stations. Any grant must (in addition to being used for the acquisition and installation of broadcasting apparatus) be used in furtherance of public broadcasting, which requires that the grantee have or be in the process of obtaining a license from the Federal Communications Commission (FCC) to engage in public broadcasting.

Of the funds appropriated for this program in any fiscal year, not more than 8½ percent may be granted for projects in any one State.

In determining which applications for public broadcasting facilities grants are to be approved, the Secretary of HEW is governed by regulations intended to achieve (1) prompt and effective use of all public television channels remaining available; (2) equitable geographic distribution of public broadcasting facilities throughout the several States; and (3) provision of public broadcasting facilities adaptable to the broadest educational uses which will serve the greatest number of people in as many areas as possible.

In 1962, when the educational television broadcasting facilities grant program was enacted, there were 76 educational television stations on the air serving areas occupied by slightly more than 50 percent of the population of the United States. Today there are 264 such stations on the air serving areas occupied by approximately 80 percent of the population. These stations are located in every State, except Montana and Wyoming, and also in the District of Columbia, Virgin Islands, Puerto Rico, Guam, and American Samoa.

In addition to noncommercial television broadcasting stations, the public broadcasting facilities grant program also applies to noncommercial radio broadcasting stations of which there are at present about 800 on the air serving areas occupied by approximately 61 percent of the population. These areas that are presently served by noncommercial radio broadcasting stations do not include 36 of the top 100 markets.

Since the beginning of the public broadcasting facilities grant program in 1963, less than \$100 million in Federal funds have been

awarded. In addition to matching project costs, stations must (1) guarantee to operate the equipment purchased for 10 years; (2) show evidence of at least the first year's operating funds on hand or certified available; and (3) pay all building and land costs from other than grant funds. The Federal investment in public broadcasting facilities, while less than 10 percent of the gross expenditure from public and private sources, has stimulated an investment in excess of \$1 billion.

Notwithstanding the success of the broadcasting facilities grant program, authorizations and appropriations have failed to meet established needs; \$30 million was authorized and \$12 million appropriated for the program for fiscal year 1975. When all of the funds appropriated for fiscal year 1975 had been expended there remained 100 applications which had not been acted upon seeking approximately \$32 million in Federal funds.

The authorizations contained in H.R. 9630 will not only increase local station capability to provide better local service through their purchase of local production equipment and facilities to expand their coverage areas, but will, as well, substantially ensure that they become truly free to make use of national programming distributed to them over the interconnection in a manner that allows them to schedule the programs at the most convenient local time.

AGENCY GRANT PROCESS

During the hearings, testimony was given that indicated that the review process of applications at HEW for supplemental requests for funds was entirely too lengthy. Your Committee expects that the Educational Broadcast Facilities Program, through the Secretary of Health, Education, and Welfare, will institute a rulemaking to provide for an abbreviated application process for supplemental funding requests.

Also during the hearings, testimony was given that indicated that HEW did not make grants under the public broadcasting facilities program until the end of the fiscal year. The Committee finds this lack of action by HEW deplorable and the Committee expects that HEW will institute an application approval process that will include at least two grant periods during the fiscal year.

SEPARATE PRIORITIES

On December 16, 1973, HEW published Proposed Rules in the *Federal Register* to govern the award of grants for fiscal year 1974 under the Broadcasting Facilities grant program. Appended to the proposed rules were project priorities which would assign first priority to the expansion and improvement of existing public broadcasting stations and second or lower priority to the activation of new public broadcast stations. On March 11, 1974, those proposed rules were placed in effect through publication in the *Federal Register*. While 80 percent of the population of the United States is covered by public television broadcasting stations, public radio broadcasting stations reach only 61 percent of the population. Under these new priorities, few, if any, public radio broadcasting stations would be activated.

Your Committee believes that public radio broadcasting has not yet reached the level of coverage to justify a reordering of the priorities.

for the award of grants to public radio. It is the intent of your Committee to keep these priorities separate until such time as public radio has reached a level of coverage comparable to public television. Therefore, H.R. 9630 proposes separate priorities for public radio and public television grants under this program.

AUDIO READING EQUIPMENT

In extending certain authorizations of the Corporation for Public Broadcasting for certain construction grants for public broadcasting facilities in 1973, the Congress amended section 399 to the Communications Act of 1934 with the following paragraph in subsection (b) :

(b) (1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of the enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

During the hearings before the Subcommittee on Communications, testimony was presented that indicated that few public radio broadcasting stations have the technical capability to comply with this requirement. In order to insure that audio recording equipment could be funded under the public broadcasting facilities grant program, H.R. 9630 provides for funding for this specific purpose. H.R. 9630 also provides that the public broadcasting facilities grant program fund the total cost of the audio recording equipment because of its high cost (approximately \$3,000-\$6,000 per unit). The equipment includes four channel logging recorders with time code generators and tape stock for 60 days.

DEMONSTRATION PROGRAM

H.R. 9630 provides that the Secretary of HEW promote the development of nonbroadcast telecommunications facilities and services of the transmission, distribution and delivery of health, education, and public or social service information. The demonstration program is intended to permit the conceptualization, development, experimentation, and demonstration of cost-effective applications of telecommunications to public or social service.

Your Committee does not intend that this authorization fund large new hardware telecommunications systems, but rather that it stimulate, through a minimum of Federal expenditure, the rechanneling of large existing local, private, and individual resources toward more efficient and effective service delivery.

The demonstration program allows for a diverse number of technologies to be stimulated into uses of public or social benefit. Satellite technology, coaxial cable, fiber optics, and other means of transmission might be considered.

The demonstration program is intended to respond to local and community initiatives in generating proposals. Since the demonstration program proposed in this bill would be new, your Committee only

requested authorization for one fiscal year, plus the transitional fiscal period. While your Committee intends that this program be a continuing program, the Committee was of the opinion that it should review the progress of the program before authorizing funds for additional fiscal years.

Your Committee feels strongly that the \$1,250,000 authorization represents the minimum amount required to make this program functional. An appropriation of a lesser amount would seriously cripple this program.

COMMITTEE ACTION

The Committee, acting through its Subcommittee on Communications, held two days of hearings (June 3 and 4, 1975) on H.R. 4564, a bill submitted by the Administration. In the course of those hearings, testimony was taken from the President's of the Corporation for Public Broadcasting, the Public Broadcasting Service, National Public Radio, and Association of Public Radio Stations, representatives from the Department of Health, Education, and Welfare, The Honorable Clarence J. Brown (Ohio), and representatives of other organizations involved in public broadcasting.

H.R. 9630, a similar version of H.R. 4560, was ordered reported to the House by the Committee on December 3, 1975 by a voice vote while a majority of the Committee was present.

COMMITTEE AMENDMENTS

Your Committee made one technical amendment in the bill to correct two printing errors, and your Committee also adopted one substantive amendment which expanded the term "social service information" to include public information.

SECTION-BY-SECTION ANALYSIS

SECTION 1—SHORT TITLE

The first section provides that this legislation may be cited as the "Educational Broadcasting Facilities and Telecommunications Demonstration Act of 1976".

SECTION 2—PURPOSE

Subsection (a) amends the heading of part IV of title III of the Communications Act of 1934 to read as follows: Assistance of Non-Commercial Educational Broadcasting Facilities; Telecommunications Demonstrations; Corporation of Public Broadcasting.

Subsection (b) amends the heading of subpart A of part IV of title III of the Act to read as follows: Assistance of Non-Commercial Educational Broadcasting Facilities and Telecommunications Demonstrations.

Subsection (c) amends section 390 of the Act to include demonstrations (through grants or contracts) of the use of telecommunications technologies of the distribution and dissemination of health, education, and other public or social service information.

SECTION 3—AUTHORIZATION OF APPROPRIATIONS

The third section amends section 391 of the Act by authorizing an appropriation of \$7,500,000 for the transitional fiscal period from July 1, 1976, through September 30, 1976, and an appropriation of \$30,000,000 for fiscal year 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

SECTION 4—CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

Subsection (a) amends section 392(a)(1) of the Act and states that college or university applicants be a public or private nonprofit college or university.

Subsection (b) amends section 392(d) of the Act and states that— (1) the Secretary of Health, Education, and Welfare shall base his determinations of whether to approve applications for television grants under this section and the amount of such grants on criteria set forth in regulations designed to achieve (A) a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broad educational uses; and (C) the extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States; and (2) the Secretary shall base his determination of whether to approve applications of radio grants under this section and the amount of such grants on criteria set forth in regulation and designed to achieve (A) the extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services of special interest, minority, and educational uses.

SECTION 5—COORDINATION

This section amends section 395 of the Act and states that the FCC is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for close coordination with the FCC in the administration of his functions under this subpart which are of interest to affect the functions of the Commission. The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to affect the functions of the Corporation.

SECTION 6—CONSTRUCTION

This section amends section 397(2) of the Act and states that the term "construction", as applied to educational television broadcasting

facilities or educational radio broadcasting facilities, means the acquisition and installation of transmission and reception apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers) necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but the term "construction" does not include the construction or repair of structures to house such apparatus. In the case of apparatus, the acquisition and installation of which is so included, such term also includes planning therefor.

SECTION 7—AUDIO RECORDING EQUIPMENT

This section states that from amounts appropriated pursuant to section 391 of the Act, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station, who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of section 399(b) of the Act which requires that a licensee under this part retain an audio recording for 60 days of each of its broadcasts of any program in which an issue of public importance is discussed.

SECTION 8—TELECOMMUNICATIONS DEMONSTRATIONS

Subsection (a) states that it is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

Subsection (b) states that the Secretary may approve an application submitted under subsection (a) if he determines—

(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or social service information.

Subsection (c) states that upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount

determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

Subsection (d) states that funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for, and incident to, the installation of such facilities or equipment.

Subsection (e) states that for purposes of this section, the term "non-broadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

Subsection (f) states that the funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

Subsection (g) states that the Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

Subsection (h) states that there are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

OVERSIGHT FINDINGS

Pursuant to Clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

The Committee believes that the present appropriations for the public broadcasting facilities grant program are inadequate to carry out the provisions of the program. The Committee finds that the amendment proposed in this legislation of section 391 of the Communications Act of 1934 is necessary and prudent. The Committee findings which appear above in the Report caused the Committee to recognize that some changes in the existing public broadcasting program were necessary. H.R. 9630 is a reflection of the Committee's recognition of these needs of change.

In regard to Clause 2(1)(3)(D) of Rules XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

INFLATIONARY IMPACT STATEMENT

Pursuant to Clause 2(1)(4) of Rule XI of the Rules of the House of Representatives, the Committee makes the following statement in regard to the inflationary impact of the reported bill:

The Committee is convinced that enactment of this legislation will have no inflationary impact on prices and costs in the operation of the national economy. The public broadcasting facilities grant program was started in 1962 and this legislation is an extension of that basic program with some changes. The Federal investment in this program has stimulated an investment from private sources of more than \$10 to every \$1 of federal funds in public broadcasting facilities. Therefore, this Committee is convinced that this legislation will have a beneficial impact on the national economy.

COST ESTIMATE

Pursuant to Clause 7 of Rules XIII of the Rules of the House of Representatives, the following statement is made relative to the cost of this legislation.

The reported bill authorizes an appropriation of \$37,500,000 (for the public broadcasting facilities grant program) and an appropriation of \$1,250,000 (for fiscal year 1976 and the transitional fiscal period) for the demonstration program. The reported bill does allow for sums appropriated under this legislation for any fiscal year or period to remain available for payment of grants for projects for applications which are submitted and approved under this legislation for one year after the last day of such fiscal year or period.

These amounts represent the estimate of funds that can be reasonably expended in one year to carry out the purposes of this legislation. Therefore, the Committee believes that the majority of the funds proposed in this legislation will be expended during the appropriate fiscal years or periods.

In regard to Clause 2(1)(3)(C) of Rule XI of the Rules of the House of Representatives, no cost estimate or comparison has been submitted by the Congressional Budget Office relative to the provisions of H.R. 9630.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with Clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in *roman*):

COMMUNICATIONS ACT OF 1934

* * * * *

 TITLE III—PROVISIONS RELATING TO RADIO

* * * * *

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 PART IV—[GRANTS] ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL
 BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS;
 CORPORATION FOR PUBLIC BROADCASTING

* * * * *

[SUBPART A—GRANTS FOR FACILITIES]

 ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES
 AND TELECOMMUNICATIONS DEMONSTRATIONS

[DECLARATION OF PURPOSE]

[SEC. 390. The purpose of this subpart is to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities.]

DECLARATION OF PURPOSE

Sec. 390. The purposes of this subpart are (1) to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities, and (2) to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other public or social service information.

[AUTHORIZATION OF APPROPRIATIONS]

[SEC. 391. There are authorized to be appropriated for the fiscal year ending June 30, 1974, and for the succeeding fiscal year such sums not to exceed \$25,000,000 for the fiscal year ending June 30, 1974, and \$30,000,000 for the succeeding fiscal year, as may be necessary to carry out the purposes of section 390. Sums appropriated under this section for any fiscal year shall remain available for payment of grants for projects for which applications approved under section 392, have been submitted under such section prior to the end of the succeeding fiscal year.]

Sec. 391. There are authorized to be appropriated \$7,500,000 for the period July 1, 1976, through September 30, 1976, and \$30,000,000 for the fiscal year ending September 30, 1977, to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities as provided in this subpart. Sums appropriated under this section for any fiscal year or period shall remain available for payment of grants for projects for which applications approved under section 392 have been submitted under such section within one year after the last day of such fiscal year or period.

GRANTS FOR CONSTRUCTION

SEC. 392. (a) For each project for the construction of noncommercial educational television or radio broadcasting facilities there shall be submitted to the Secretary an application for a grant containing such information with respect to such project as the Secretary may by regulation require, including the total cost of such project and the amount of the Federal grant requested for such project, and providing assurance satisfactory to the Secretary—

(1) that the applicant is (A) an agency or officer responsible for the supervision of public elementary or secondary education or public higher education within that State, or within a political subdivision thereof, (B) in the case of a project for television facilities, the State noncommercial educational television agency or, in the case of a project for radio facilities, the State educational radio agency, [(C) a college or university deriving its support in whole or in part from tax revenues,] *(C) a public or private non-profit college or university*, (D) (i) in the case of a project for television facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational television broadcasting and is eligible to receive a license from the Federal Communications Commission for a noncommercial educational television broadcasting station pursuant to the rules and regulations of the Commission in effect on April 12, 1962, or (ii) in the case of a project for radio facilities, a nonprofit foundation, corporation, or association which is organized primarily to engage in or encourage noncommercial educational radio broadcasting and is eligible to receive a license from the Federal Communications Commission; or meets the requirements of clause (i) and is also organized to engage in or encourage such radio broadcasting and is eligible for such a license for such a radio station, or (E) a municipality which owns and operates a broadcasting facility transmitting only noncommercial programs;

(2) that the operation of such educational broadcasting facilities will be under the control of the applicant or a person qualified under paragraph (1) to be such an applicant;

(3) that necessary funds to construct, operate, and maintain such educational broadcasting facilities will be available when needed;

(4) that such broadcasting facilities will be used only for educational purposes; and

(5) that, in the case of an application with respect to radio broadcasting facilities, there has been comprehensive planning for educational broadcasting facilities and services in the area the applicant proposes to serve and the applicant has participated in such planning, and the applicant will make the most efficient use of the frequency assignment.

(b) The total of the grants made under this part from the appropriation for any fiscal year for the construction of noncommercial

educational television broadcasting facilities and noncommercial educational radio broadcasting facilities in any State may not exceed 8½ per centum of such appropriation.

(c) (1) In order to assure proper coordination of construction of noncommercial educational television broadcasting facilities within each State which has established a State educational television agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application.

(2) In order to assure proper coordination of construction of noncommercial educational radio broadcasting facilities within each State which has established a State educational radio agency, each applicant for a grant under this section for a project for construction of such facilities in such State, other than such agency, shall notify such agency of each application for such a grant which is submitted by it to the Secretary, and the Secretary shall advise such agency with respect to the disposition of each such application.

(d) (1) The Secretary shall base his determinations of whether to approve applications for *television* grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve **[(1) prompt and effective use of all noncommercial educational television channels remaining available, (2) equitable geographical distribution of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities, as the case may be, throughout the States, and (3) provision of educational television broadcasting facilities or noncommercial educational radio broadcasting facilities, as the case may be, which will serve the greatest number of persons and serve them in as many areas as possible, and which are adaptable to the broadest educational uses]**. (A) *a strengthening of the capability of existing noncommercial educational television stations to provide local services; (B) the adaptation of existing noncommercial educational television facilities to broaden educational uses; and (C) extension of noncommercial educational television services, with due consideration to equitable geographic coverage throughout the United States.*

(2) *The Secretary shall base his determination of whether to approve applications for radio grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (A) extension of noncommercial educational radio services with due consideration to equitable geographic coverage throughout the United States; (B) a strengthening of the capability of existing noncommercial educational radio stations to provide local service; and (C) the provision of multiple radio stations in major population centers to broaden services for special interest, minority, and educational uses.*

(e) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to the applicant in the amount determined by him, but not exceeding 75 per centum of the amount determined by the Secretary to be the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimburse-

ment, and in such installments consistent with construction progress, as he may determine.

(f) If, within ten years after completion of any project for construction of educational television or radio broadcasting facilities with respect to which a grant has been made under this section—

(1) the applicant or other owner of such facilities ceases to be an agency, officer, institution, foundation, corporation, or association described in subsection (a) (1), or

(2) such facilities cease to be used for noncommercial educational television purposes or noncommercial educational radio purposes, as the case may be (unless the Secretary determines, in accordance with regulations, that there is good cause for releasing the applicant or other owner from the obligation so to do), the United States shall be entitled to recover from the applicant or other owner of such facilities the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facilities are situated) of such facilities, as the amount of the Federal participation bore to the cost of construction of such facilities.

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and public or social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private nonprofit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

(b) The Secretary may approve an application submitted under subsection (a) if he determines—

(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities to satisfy the purpose of this section;

(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

(4) that the facilities and equipment acquired or developed pursuant to the application will be used substantially for the transmission, distribution, and delivery of health, education, or public or social service information.

(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secretary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in ad-

vance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

(e) For purposes of this section, the term "nonbroadcast telecommunications facilities" includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section.

(h) There are authorized to be appropriated \$1,000,000 for the fiscal year ending June 30, 1976, and \$250,000 for the period July 1, 1976 through September 30, 1976, to carry out the provisions of this section. Sums appropriated under this subsection for any fiscal year or period shall remain available for payment of grants or contracts for projects for which applications approved under this section have been submitted within one year after the last day of such fiscal year or period.

* * * * *

[PROVISION OF ASSISTANCE BY FEDERAL COMMUNICATIONS COMMISSION]

COORDINATION WITH THE COMMISSION AND THE CORPORATION

SEC. 395. The Federal Communications Commission is authorized to provide such assistance in carrying out the provisions of this subpart as may be requested by the Secretary. The Secretary shall provide for [consultation and close cooperation] *close coordination* with the Federal Communications Commission in the administration of his functions under this subpart which are of interest to or affect the functions of the Commission. *The Secretary shall provide for close coordination with the Corporation for Public Broadcasting in the administration of his functions under this subpart which are of interest to or affect the functions of the Corporation.*

SUBPART C—GENERAL

DEFINITIONS

SEC. 397. For the purposes of this part—

(1) * * *

(2) The term "construction", as applied to educational television broadcasting facilities[,] or educational radio broadcasting facilities, means the acquisition and installation of transmission *and reception*

apparatus (including towers, microwave equipment, boosters, translators, repeaters, mobile equipment, [and video-recording equipment]) *video recording equipment, nonvideo recording equipment, radio subcarrier receivers, and satellite transceivers* necessary for television broadcasting or radio broadcasting, as the case may be, including apparatus which may incidentally be used for transmitting closed circuit television or radio programs, but *such term* does not include the construction or repair of structures to house such apparatus. In the case of apparatus, the acquisition and installation of which is so included, such term also includes planning therefor.

* * * * *

EDITORIALIZING AND SUPPORT OF POLITICAL CANDIDATES PROHIBITED;
RECORDINGS OF CERTAIN PROGRAMS

SEC. 399. (a) No noncommercial educational broadcasting station may engage in editorializing or may support or oppose any candidate for political office.

(b) (1) Except as provided in paragraph (2), each licensee which receives assistance under this part after the date of the enactment of this subsection shall retain an audio recording of each of its broadcasts of any program in which any issue of public importance is discussed. Each such recording shall be retained for the sixty-day period beginning on the date on which the licensee broadcasts such program.

(2) The requirements of paragraph (1) shall not apply with respect to a licensee's broadcast of a program if an entity designated by the licensee retains an audio recording of each of the licensee's broadcasts of such a program for the period prescribed by paragraph (1).

(3) Each licensee and entity designated by a licensee under paragraph (2) which retains a recording under paragraph (1) or (2) shall, in the period during which such recording is required under such paragraph to be retained, make a copy of such recording available—

(A) to the Commission upon its request, and

(B) to any other person upon payment to the licensee or designated entity (as the case may be) of its reasonable cost of making such copy.

(4) The Commission shall by rule prescribe—

(A) the manner in which recordings required by this subsection shall be kept, and

(B) the conditions under which they shall be available to persons other than the Commission.

giving due regard to the goals of eliminating unnecessary expense and effort and minimizing administrative burdens.

(5) *From amounts appropriated pursuant to section 391 after the date of enactment of this paragraph, the Secretary may make a grant to any licensee of a noncommercial educational broadcast station who received assistance under this part of the full amount necessary to acquire equipment to permit such licensee to comply with paragraph (1) of this subsection.*

AGENCY REPORT ON H.R. 9630

HON. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce, U.S.
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for a report on H.R. 9630, a bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in the telecommunications technologies for the distribution of health, education, and social service information, and for other purposes."

In summary, H.R. 9630 substantially embodies an Administration proposal for the extension of the Educational Broadcasting Facilities Program and the creation of a new Telecommunications Demonstration authority. However, we object strongly to certain provisions in the bill as reported by the Subcommittee on Communications, particularly the proposed funding level, the modification of the criteria for funding of facilities applications, separation of the authorizations for the broadcast facilities program from that for the demonstration authority, and the limitation of the authorization of these programs to one year.

The bill would assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. It proposes a total of \$7,500,000 to support facilities grants for the period July 1, 1976 through September 30, 1976 and \$30,000,000 for the fiscal year ending September 30, 1977. In addition, the bill proposes \$1,000,000 for demonstration grants or contracts for the fiscal year ending June 30, 1976 and \$250,000 for the period July 1, 1976 through September 30, 1976.

With regard to the funding level for facilities, we believe that the authorization of \$30,000,000 for one year greatly exceeds the highest priority needs of the program and is, therefore, fiscally unnecessary. We also believe that the \$7,000,000 annual authorization level recommended by the Administration is adequate to accomplish the goals expressed in our proposal and further articulated in the testimony of the Assistant Secretary for Planning and Evaluation, William A. Morrill, on June 30, 1975 before the Subcommittee on Communications of your committee.

In H.R. 9630 the criteria upon which the Secretary shall base his determinations of whether to approve applications for grants have been separated for television and for radio and are given in a different order for the two. The bill may be read as implying that these criteria are fixed priorities which must be followed in funding applications under the facilities program. It should be made clear that any criteria contained in the statute are meant to serve as a framework around which the Secretary, through regulations, can develop specific priorities in which changing needs can be more readily reflected. Therefore, it is recommended that Section 4 be modified by substituting the language proposed in H.R. 4564. In any event, clause (C) of section 392(d)(2) should be eliminated, because providing cost effective first radio service to all people is more important than multiple radio service in major population centers.

A single authorization for both the Educational Broadcasting Facilities Program and the Telecommunications Demonstration authority, as opposed to the separate authorizations now in H.R. 9630, would allow the Department the flexibility necessary to respond quickly and effectively to changing conditions. While we have suggested approximate funding levels for these programs in the past, we believe that their needs will be better served by a single authorization.

Limiting the authorization for these programs to one year, as proposed in H.R. 9630, will unduly constrain our ability to make orderly and efficient plans for a nationwide public service telecommunications system. The limited period of authorization would also serve to discourage potential local and institutional partnerships in these long-range developments from investing their own resources in the face of what might appear to be a short-term Federal commitment. Further, cooperative efforts with NASA, other Federal agencies, and private organizations require long-term commitments to support the experimentation and evaluation associated with new telecommunications technology.

In addition, I am enclosing a list of specific recommendations which cover other provisions of concern to us. I hope you will find them useful in your consideration of the bill.

We therefore recommend that the bill be favorably considered, if it is modified to meet the concerns described above.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Thank you for this opportunity to share the Department's views with you. If you need additional information, please call on me or the appropriate members of my staff. We will be pleased to work with you as you wish or have need.

Sincerely,

DAVID MATHEWS, *Secretary*.

Enclosure.

ADDITIONAL HEW COMMENTS ON H.R. 9360, AS REPORTED BY THE
HOUSE SUBCOMMITTEE ON COMMUNICATIONS

In addition to the major concerns expressed in Secretary Mathews' letter to Congressman Staggers, the Department of Health, Education, and Welfare has the following comments with regard to specific provisions in the measure.

1. The definition of "construction" in H.R. 9630 contains language that would open up an entirely new area of Federal support under the facilities program. The program has not in the past supported reception facilities other than those necessary to monitor signals being transmitted. If receivers do become eligible for Federal funding, as proposed in H.R. 9630, one result might be the ownership and distribution of receivers by noncommercial educational television or radio stations. This is not a proper function of such stations. Thus, it is recommended that on page 5 the words "and reception" be omitted from line 13 and the words "radio subcarrier receivers" be omitted from line 16. In addition, the inclusion of non-video recording equipment and satellite transceivers in line 15 through 17 should be de-

leted, as they are covered under existing regulations for the facilities program.

2. Section 399(b) (5), which provides one hundred percent grants to television and radio stations for the purchase of log-recorders, should be deleted. Such equipment can now be purchased but, as is the case with all other equipment, must meet the minimum 25% matching requirement. Most television stations and many radio stations already have equipment necessary to comply with paragraph (1) of section 399(b). To provide full funding to those stations not having such equipment would discriminate against those which have either purchased it with local funds or through a matching facilities grant from the Federal government.

AGENCY REPORT ON H.R. 4564

H.R. 4564 was the initial bill submitted under consideration by the Subcommittee.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
May 22, 1975.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 25, 1975, for a report on H.R. 4564, a bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes."

This bill embodies a legislative proposal submitted by this Department to Congress on March 3, 1975. A detailed explanation of and justification for this proposal is contained in the letter forwarding our draft bill to the Speaker of the House of Representatives. A copy of that letter is enclosed for your convenience.

We urge that your Committee give favorable consideration to this bill and that it be promptly enacted by Congress.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and enactment of H.R. 4564 would be in accord with the program of the President.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Enclosure.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
March 3, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Enclosed for the consideration of the Congress is a draft bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in

telecommunications technologies for the distribution of health, education, and social service information, and for other purposes." This bill is similar to H.R. 17406 introduced for the Administration during the second session of the ninety-third Congress.

This bill has two basic purposes. First, the Department's direct support for over-the-air educational radio and television broadcasting facilities would be extended for a five-year period. Television broadcast coverage of these stations now extends to almost 78 percent of the population, while radio coverage is approximately 65 percent; extension of the facilities program for this additional period would permit the Department of Health, Education, and Welfare essentially to satisfy the original goals of the program while phasing down its direct support for construction of broadcasting facilities. Moreover, because the number of public television stations in the country represents a nearly complete and mature system, and because increased broadcast coverage is achievable only at unacceptably high per-viewer costs as the 100 percent coverage level is approached, the funding criteria for the broadcasting facilities program would be amended to emphasize (1) the strengthening of the capability of existing facilities, (2) adapting existing facilities to additional educational uses, and (3) extending educational broadcasting services, with due consideration to equitable coverage of all areas of the country.

Secondly, the legislation would provide authority for a telecommunications program designed to demonstrate ways to meet the common needs of the health and education community.

This legislation would provide a single broad authority in the Office of the Secretary to create the multi-user telecommunications services and facilities which will make it possible for health, education, and social service providers jointly to develop more efficient and economical means of meeting the nation's needs.

In order to accomplish this objective, the legislation would authorize the Secretary to carry out a program for the support—through grants or contracts—of demonstrations in the use and application of non-broadcast telecommunications facilities and equipment (such as cables and satellites). Moreover, the legislation would provide the authority to assist in the initial application of communications facilities that are uniquely suited to the needs of the health and education community, including the purchase by grantees or contractors of necessary telecommunication services from commercial carriers.

The bill would authorize appropriations totaling \$35 million over five years.

I am also enclosing for your convenience a brief summary and analysis of the proposed legislation.

I urge prompt and favorable consideration of this proposal.

The Office of Management and Budget advises that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

Enclosures.

SUMMARY OF THE TELECOMMUNICATIONS FACILITIES AND DEMONSTRATION ACT OF 1975

The basic purposes of the Telecommunications Facilities and Demonstration Act of 1975 are (1) to extend the educational broadcasting facilities program for five years and (2) to provide authority for the Secretary to support demonstrations in modern telecommunications technologies for the distribution and dissemination of health, education, and other social service information. The Act would modify the role of the Department of Health, Education, and Welfare in educational broadcasting to include not only direct support for particular facilities identified in the Communications Act of 1934 (hereinafter "the Act"), which are over the air radio and television broadcasting stations, but also more indirect support, through demonstration grants and contracts, of a wide range of modern telecommunication technologies. In many instances such technologies may provide a more efficient and economical means of meeting some of the country's health, education, and social service needs.

The Act would have the short title of the "Telecommunications Facilities and Demonstration Act of 1975".

Section 2 of the bill would modify the headings of part IV of title III of the Communications Act of 1934 and a subpart A thereof to reflect the amendments made by this bill. The declaration of purpose contained in section 390 of the Act would also be amended to reflect the broadened purposes set forth in this bill.

Section 3 would authorize the appropriation of \$7,000,000 for fiscal year 1976 and for each of the four succeeding fiscal years. Sums so appropriated would remain available to fund applications submitted prior to October 1, 1981.

Section 4(a) would amend the eligibility requirements for the educational broadcasting facilities program to include nonprofit colleges and universities as well as publicly supported institutions. Section 4(b) would amend the funding criteria for the educational broadcasting facilities program to emphasize (A) the strengthening of the capability of existing noncommercial educational broadcast stations, (B) adapting existing noncommercial educational broadcast facilities to additional educational uses, and (C) extending noncommercial educational broadcasting services with due consideration to equitable coverage of all areas in the country.

Section 5 adds to the Act a new section 392A which would authorize the Secretary to make grants and contracts in order to provide demonstration projects for the development of nonbroadcast communications facilities and services for the transmission, distribution, and delivery of health, education, and social service information. Any public or nonprofit private agency, organization, or institution would be eligible to participate in the program. Subsection (b) of the new section sets forth the requirements which applications for grants or contracts for telecommunications demonstrations must meet. Such applications must provide assurance: (1) That the project offers reasonable promise of demonstrating innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities which relate to the purposes of this section; (2) that the applicant will retain administrative control of the project; (3) that the applicant has the management and technical capability to carry out the project; and (4) that acquired facilities and equipment will be used only for health, education, and social services purposes.

Subsection (c) of the new section 392A would authorize the Secretary to pay up to 100 percent of the approved costs of any project.

Subsection (d) would prohibit the use of funds under the new section for construction of structures, but would permit necessary minor remodeling which is incident to the installation of equipment and facilities.

Subsection (e) provides a definition of the term "nonbroadcast telecommunications facilities."

Subsection (f) provides that demonstrations funded pursuant to this section may continue for a period of not more than three years.

Subsection (g) requires grantees to submit annual summary and evaluation reports.

A BILL To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Telecommunications Facilities and Demonstration Act of 1975."

PURPOSE

SEC. 2. (a) Part IV of title III of the Communications Act of 1934 is amended by striking out the heading of such part and inserting in lieu thereof "ASSISTANCE FOR NONCOMMERCIAL EDUCATIONAL BROADCASTING FACILITIES; TELECOMMUNICATIONS DEMONSTRATIONS, CORPORATION FOR PUBLIC BROADCASTING".

(b) Subpart A of such part is amended by striking out the heading of such subpart and inserting in lieu thereof "ASSISTANCE FOR TELECOMMUNICATIONS FACILITIES AND DEMONSTRATIONS".

(c) Section 390 of such Act is amended to read as follows:

"DECLARATION OF PURPOSE

"SEC. 390. The purposes of this subpart are to assist (through matching grants) in the construction of noncommercial educational television or radio broadcasting facilities and to demonstrate (through grants or contracts) the use of telecommunications technologies for the distribution and dissemination of health, education, and other social service information."

APPROPRIATIONS

"SEC. 3. Section 391 of such Act is amended to read as follows:

"AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 391. (a) There are authorized to be appropriated for carrying out the purposes of this subpart \$7,000,000 for the fiscal year ending June 30, 1976, and for each of the four succeeding fiscal years.

"(b) Sums appropriated pursuant to this section shall remain available for payment of grants or contracts for projects for which applications, approved under sections 392 and 392A, have been sub-

mitted prior to October 1, 1981, for construction of noncommercial educational television or radio broadcasting facilities or for telecommunications demonstrations.”.

CRITERIA FOR BROADCAST FACILITIES CONSTRUCTION

SEC. 4. (a) Section 392(a) (1) of such Act is amended by striking out clause (C) and inserting in lieu thereof “(C) a public or private nonprofit college or university,”.

(b) Section 392(d) of such Act is amended to read as follows:

“(d) The Secretary shall base his determinations of whether to approve applications for grants under this section and the amount of such grants on criteria set forth in regulations and designed to achieve (1) a strengthening of the capability of existing noncommercial educational broadcast stations to provide local services; (2) the adaptation of existing noncommercial educational broadcast facilities to broaden educational uses; and (3) extension of noncommercial educational broadcast services, with due consideration to equitable geographic coverage throughout the United States.”.

TELECOMMUNICATIONS DEMONSTRATIONS

SEC. 5. The Communications Act of 1934 is amended by adding after section 392 the following new section:

“TELECOMMUNICATIONS DEMONSTRATIONS

“SEC. 392A. (a) It is the purpose of this section to promote the development of nonbroadcast telecommunications facilities and services for the transmission, distribution and delivery of health, education, and social service information. The Secretary is authorized, upon receipt of an application in such form and containing such information as he may by regulation require, to make grants to, and enter into contracts with public and private non-profit agencies, organizations, and institutions for the purpose of carrying out telecommunications demonstrations.

“(b) The Secretary may approve an application submitted under subsection (a) if he determines:

“(1) that the project for which application is made will demonstrate innovative methods or techniques of utilizing non-broadcast telecommunications equipment or facilities to satisfy the purpose of this section;

“(2) that demonstrations and related activities assisted under this section will remain under the administration and control of the applicant;

“(3) that the applicant has the managerial and technical capability to carry out the project for which the application is made; and

“(4) that the facilities and equipment acquired or developed pursuant to the application will be used only for the transmission, distribution and delivery of health, education, or social service information.

“(c) Upon approving any application under this section with respect to any project, the Secretary shall make a grant to or enter into a contract with the applicant in an amount determined by the Secre-

tary not to exceed the reasonable and necessary cost of such project. The Secretary shall pay such amount from the sum available therefor, in advance or by way of reimbursement, and in such installments consistent with established practice, as he may determine.

"(d) Funds made available pursuant to this section shall not be available for the construction, remodeling, or repair of structures to house the facilities or equipment acquired or developed with such funds, except that such funds may be used for minor remodeling which is necessary for and incident to the installation of such facilities or equipment.

"(e) For purposes of this section, the term 'nonbroadcast telecommunications facilities' includes, but is not limited to, cable television systems, communications satellite systems and related terminal equipment, and other methods of transmitting, emitting, or receiving images and sounds or intelligence by means of wire, radio, optical, electromagnetic or other means.

"(f) The funding of any demonstration pursuant to this section shall continue for not more than three years from the date of the original grant or contract.

"(g) The Secretary shall require that the recipient of a grant or contract under this section submit a summary and evaluation of the results of the demonstration at least annually for each year in which funds are received pursuant to this section."

OFFICE OF TELECOMMUNICATIONS POLICY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C., May 30, 1975.

HON. HARLEY O. STAGGERS,
*Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request of April 24, 1975, for the views of the Office of Telecommunications Policy on H.R. 4564. This bill, proposed by the Department of Health, Education, and Welfare (HEW), would amend Part IV of Title III of the Communications Act of 1934 by extending the Educational Broadcast Facilities Program and by providing authority for the support of demonstrations in non-broadcast telecommunications technologies for the distribution of health, education, and social service information.

We have reviewed this proposed legislation, as well as the explanation of its purposes as set forth in Secretary Weinberger's letter of March 3, 1975, transmitting the bill to the Speaker of the House.

We concur in HEW's explanation of this proposal and recommend that the Committee act favorably on the bill. The Office of Management and Budget advises that it has no objection to the submission of this report for the consideration of the Committee and that enactment of the proposed legislation would be in accord with the program of the Administration.

Sincerely,

THOMAS J. KELLER,
Acting General Counsel.